

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:4543
ANSWERED ON:23.12.2005
LOAN TO CUSTOMERS IN RURAL AREAS
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Will the Minister of FINANCE be pleased to state:

- (a) the reasons that nationalised banks are not providing loans to their customers in rural areas;
- (b) whether there is high difference between deposit and advances in maximum Nationalised Banks in rural areas in Bihar; and
- (c) the steps taken by the Government to rectify the disparity for grant of loans/ advances to the customers/farmers in rural areas in Bihar through Nationalised Banks?

Answer

MINISTER OF THE STATE IN THE MINISTRY OF FINANCE (SHRI S.S.PALANIMANICKAM)

(a): Banks have been providing loans in rural areas. The gross outstanding advances of rural and semi-urban branches of scheduled commercial banks in India have increased from only Rs.461 crore in June 1969 to Rs.2,43,875 crore in June 2005. The amount of credit disbursed by the banking system in the country to agriculture alone, during the last three years, is furnished below : -

Year	Credit Flow (Rs. Crore)
2002-03	69,560
2003-04	86,981
2004-05	1,24,122

In the current financial year, the flow of credit to agriculture by banks till September 2005 has been Rs.83,502 crore.

(b&c) : The Credit Deposit Ratio of Nationalised Banks in Bihar in rural areas is 32.23 % as on June 2005. However, the credit flow is dependent upon various factors such as level of infrastructure development, level of entrepreneurship, availability of bankable projects, general law and order situation and credit absorption capacity.